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New Conditions Arising from the  
Unification of Financial and Economic  
Work

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## NEW CONDITIONS ARISING FROM THE UNIFICATION OF FINANCIAL

## AND ECONOMIC WORK

*[Summary Translation]*

Since financial and economic work were unified in March, new conditions began to appear after a period of transition. Basic improvements as outlined by Mao, that is, completion of land reform, equitable revamping of trade and industry, substantial reduction in military and civil expenses, etc., have not yet been achieved. However, the new conditions mark important progress and have brought about benefits to the multitudes. These new conditions are:

## 1. Balance of Income and Outgo

The chief feature is that a balance between income and expenditure is gradually being attained. During the anti-Japanese as well as the liberation war, our energies were spent on war and inflationary problems. Before March 1950, these problems were still prevalent. After the unification of our financial and economic work, which was initiated at a conference held in March 1950, the disparity in national finance steadily declined and by May of that year, balance was generally attained. The northwest region was badly in the red, but now has a surplus for helping the Central government. Reasons are: a) centralization of control in national government; b) close supervision of collections and payments; and c) shifting of people's government energies from meeting debts to constructive rehabilitation. The adjusting of relationship between state-owned and private enterprises were made possible by the unification of these financial and economic work.

## 2. Stabilizing of Prices

In 1949, national price fluctuations came four times, causing untold losses. These losses were mostly in speculators' profits. But after the

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unification, prices settled down and are now stable. Deposits grew more and more and the interest was drastically lowered. Unification has brought about these trends and has a) guaranteed steady profits to industry; b) relieved the masses of runaway prices to raise their standards of living; c) kept usurers and speculators from profiting at the expense of masses; and d) ensured the flow of society's capital into productive channels.

### 3. Raising of Rural Purchasing Power and Circulation of Jen-min Piao

This was brought about by the balancing of budget and the stabilizing of prices. Peasants are now willing to accept Jen-min P'iao, when they only accepted silver dollars, yarn, cloth, or salt in the past for fear of the gradual depreciation of the yuan currency. Thus, urban-rural trade was greatly stimulated. As compared to the past when the trade between the cities and country was conducted only on a barter system with attendant hardships, this conditions of confidence in the Jen-min P'iao did much to restore the economy of China; it helped greatly in restoring the purchasing power of the rural masses.

### 4. Markets Becoming Active

Figures from Hankow, Tientsin, and Shanghai show improvement in May after the dull months before the new plans could take effect. What effects have come about?

a. The previous false and irregular prosperity is replaced by present improvement ~~is~~ due to better buying power.

b. Real buying power of the masses depends on stabilization, good crops, settled social conditions, and with general trade improvement.

What has been accomplished in the brief period since unification and the reconstruction forces already in motion give warrant for a cautious optimism;

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